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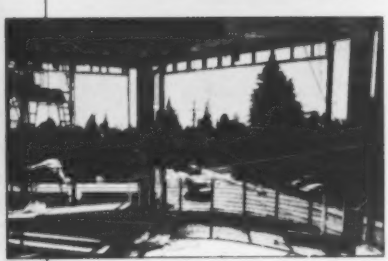
VOLUME 45 / NUMBER 12

Page 23

Page 30



Page 51

FEATURES

THE 1990 SUPERMARKET BUSINESS AWARD FOR RETAILING EXCELLENCE, PART ONE: RANDALL'S MARKETS NAMED FOR BEST CHAIN OPERATION 23
DAVID LITWAK

Previously with its pace-setting Flagship stores, and now with its New Generation stores, the Houston-based 42-store chain continues to set new standards of excellence each year.

THE 1990 SUPERMARKET BUSINESS AWARD FOR RETAILING EXCELLENCE, PART TWO: LARRY'S MARKETS SURPASSES OWN STANDARD OF EXCELLENCE 30
KEN PARTCH

From your very first step into Larry's new Bellevue supermarket, you know that you are in a *food* store. More than that, this is a food store that might even offer a new experience.

FRED MEYER: NEW STANDARD FOR ONE-STOP SHOPPING? MIKE DUFF 43

The Portland, Oregon-based company has restructured operations as it tries to prove it can be everything to everybody everywhere.

CONDIMENTS: ARE HEALTHY TIMES AHEAD? RUTH PAPAZIAN 73

As new labeling requirements take effect, consumers may soon be considering more than just taste when they choose their seasonings.

INSTORE BUSINESS

AT DRAEGER'S, IT'S ALL IN THE FAMILY HOWARD RIELL 51

As this family-owned, family-run company expands one of its stores to more than double its size, the company continues to emphasize upscale foods and foodservice, and to treat customers like part of the family.

PREPARING FOOD ELAINE READER 59

NONFOODS BUSINESS

RAZOR COMPETITION SHARP... AND SUPERMARKETS BENEFIT MIKE DUFF 65

Innovative, aggressive promotions, the hallmarks of shaving companies's sales, are keeping the division dynamic and consumers captivated.

SAMI UPDATE ALAN B. MILLER JR. 69

GM/HBA ISSUES FRANCIS E. WILLMES 71

COLUMNS & DEPARTMENTS

EDITOR'S VIEW 5
WASHINGTON BRIEFS ... 9
TRADESCAN 11
SUPPLIER SIDE 14
PRODUCE 16
TECHNOLOGY 19
NEW PRODUCTS 68
ADVERTISER'S INDEX ... 79
DECEMBER CONTEST ... 81
CHECKOUT 82

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HOW TO START A RECESSION

By Ken Partch, Editor-in-Chief

It isn't easy to get a recession started. A lot of energy is required, planning and coordination. There are always parts of the economy that refuse to go along with the economists and the analysts. Take the recession of 1980. It took two or three years to get that one really underway. But when we did, of course it was a beauty. But even then, while almost nobody was looking, New England, and the entire Northeast, was getting ready for one of its biggest booms ever. New England, for Heaven's sake!

Ever since Horatio Alger began writing books, New England was where you got on the train for the Big City. The only people who went to New England were vacationers and college students, if you were rich. But all that was before the computer age. Since the computer age, geography has become less and less meaningful in economic terms. Little did we know that a boom in mini-computers and their innards would erupt in Texas, Northern California and Massachusetts. It was just where the brains happened to be. And nobody even asked IBM for permission.

Of course with the help of the auto industry, and its forward-looking policies, along with other heavy U.S. industries, we managed to leave a lot of rust in between. But, curiously, the supermarket business began to come awake at the same time. Perhaps because of low rents and plenty of available real estate from the discounters, supermarkets began breaking out of their assigned niches and geographic locales, and striking out into others' markets. In the '60s and '70s that was practically unheard of. Superhighways made it possible to truck anything almost anywhere.

So it's a little early to say where this next recession will take us, when and if we can really get it started. They began talking about it seriously just about this time last year. The auto industry is still doing its part, along with a truly magnificent push from the oil industry. Just as U.S. auto makers began a return to the husky animals under the hood that burn gas like opening a faucet, the oil industry began sending out signals that fuel economy might look good again. There's just no telling. And what have they got against the airlines? Would somebody explain to me why there should be a shortage of jet fuel (kerosene), and no shortage of gasoline, which requires much more refining?

We did have rampaging inflation in the late '70s, so there was a need for a recession to really slow things down, but for a while there we were really making all economic schools happy with both inflation and recession—stagflation. Remember that?

It took several years to get the 1980 recession going, but it was a beauty.

Let's see what we have going for us this time. There's a shutdown on new housing starts, the lowest since 1982, I'm told. Of course when there's a danger that you might lose your job or have lost it, you don't usually go out and buy a new house, or even think about it. The Christmas season is promising to be lousy, that should slow down retailing. We don't have to worry about the department stores, they've already done their bit. Nowadays, the Japanese have forced all the auto makers to make cars that last longer, so we can delay that new car purchase. We don't know what the effect of a possible war will mean, except in oil and all other energy. For a while there, the threat of world peace had everyone worried. Even the media and advertising communities were wondering how they would replace those lost ads for the F-14s and such. But President Bush seems to have taken care of that, at least for the moment.

But back to the supermarket business. Now that we have just about gotten through the Great Buyout Era and into the era of Great Corporate Efficiency, and everybody is Lean and Mean, we can get out and take this supermarket business into the Whimpy '90s—or whatever we're going to call them. Let's see what we've got going for us.

I predict ... that Sam Walton and Drayton McLane will buy McDonald's and build the *hydramarket*. That's a store with many heads, for groceries, fast food, general merchandise, pharmacy, take out foods, ethnic foods, restaurants, pets, pet care, auto sales, rentals and repairs, travel, banking, eye and dental care, boats and parts for small aircraft (DIY of course).

One of the things this recession has going for it is, with falling revenues governments at all levels are raising taxes and cutting services. Makes sense, right? We may lose a few bridges along the way, but that's how you make an omelet.

Now that we've got the consumer in the right mood, and governments facing up to their responsibilities, we need one more ingredient. We need a damn cold winter. There is no way to get a recession decently started with a mild winter. The fashion industry is no help whatsoever these days, as an economic indicator. They allow women to dress any way they want to—short skirts, long skirts or in the middle, it makes no difference to *Vogue*, anymore. So that's no help.

I know people who have been predicting this recession for the last five years. Well, in one of the longest periods of boom in modern history, how smart do you have to be to predict a coming recession? Then if we all really do our parts, we can relax and enjoy it. Most of us really can't stand prosperity, anyway.

The really important question is: Where and when will the next boom start, and how can we get ready for it?

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HEALTH & BEAUTY AIDS: SAMI FOUR-WEEK FOOD STORE UNIT TRENDS VS. YEAR AGO

PRODUCT GROUP AND CATEGORY	% CHANGE VS. YEAR AGO 4 WEEKS ENDING 8/10/90	4 WEEKS ENDING 9/7/90	4 WEEKS ENDING 10/5/90
BABY NEEDS	- 0.8%	- 2.4%	- 6.1%
Baby Powders	- 2.0	- 3.7	- 12.6
Baby Oils, Creams & Lotions	- 1.5	- 6.7	- 9.4
Infant Clothes	- 15.7	- 14.3	- 12.0
Nursing Supplies	+ 2.2	+ 3.6	+ 2.9
MISC. PERSONAL NEEDS	+ 6.8%	+ 8.6%	+ 7.8%
Contraceptives	+ 5.0	+ 2.0	+ 4.9
Personal Lubricants	+ 9.5	+ 7.5	+ 2.8
Home Testing Kits	+ 7.5	+ 10.2	+ 22.0
Thermometers	+ 10.2	+ 18.7	+ 9.4
DEODORANTS	- 3.4%	- 0.9%	+ 2.2%
Sprays	- 12.2	- 11.2	- 8.7
Roll-Ons	- 7.6	- 10.2	- 3.1
Stick Deodorants & Pads	+ 1.7	+ 10.9	+ 12.1
Creams	- 5.1	- 9.5	- 7.7
Deodorants & Talcum Powders	- 17.1	- 20.1	- 13.6
Feminine Hygiene Deodorants	+ 11.7	+ 8.8	- 5.5
Foot Deodorants & Athlete's Foot Remedies	+ 2.7	+ 3.7	+ 7.5
Feminine Douches	+ 1.7	- 5.4	- 0.9
FIRST AID	- 8.6%	- 8.8%	- 1.8%
Antiseptics	- 5.3	+ 1.1	+ 2.0
First Aid Products	- 10.1	- 12.2	- 3.6
Elastic Goods & Dressings	+ 54.1	+ 38.4	+ 33.5
HAIR CARE NEEDS	- 4.3%	+ 3.6%	- 2.8%
Shampoos	- 4.8	- 2.9	- 1.4
Hair Sprays	- 6.0	- 8.6	- 8.4
Hair Conditioning Rinses	- 3.9	+ 0.1	- 0.4
Hair Setting Needs	+ 4.6	+ 2.0	+ 4.6
Home Permanent Kits	- 13.0	- 15.1	- 12.8
Hair Coloring	- 4.7	+ 0.9	+ 4.0
Hair Dressing Needs	- 5.9	- 8.8	- 3.9
ORAL HYGIENE	- 4.5%	- 1.7%	- 3.4%
Toothpastes & Powders	- 7.4	+ 1.0	- 3.4
Mouthwashes	- 7.9	- 6.6	- 9.2
Breath Fresheners	+ 5.6	- 0.8	- 4.9
Denture Cleaners	- 4.8	- 7.3	- 7.0
Denture Adhesives	+ 2.4	+ 2.6	- 3.5
Toothbrushes	- 5.5	- 3.5	+ 2.2
Dental Aids	+ 8.8	- 5.9	+ 12.3
PROPRIETARY REMEDIES	- 1.1%	- 3.1%	- 1.1%
Antacids	- 4.8	- 3.1	- 3.5
Internal Analgesics	- 2.7	- 6.1	- 7.2
External Analgesics	+ 17.6	+ 12.5	+ 10.7
Cold Remedies	+ 3.6	- 1.3	- 7.0
Nasal Sprays/Drops/Inhalers	+ 3.7	+ 0.1	- 8.5
Chest Rubs	- 3.5	- 7.1	- 10.8
Cough Remedies	+ 1.9	+ 3.0	- 4.8
Laxatives	- 1.5	- 3.9	- 2.7
Sleeping Aids	+ 7.6	+ 7.2	+ 6.9
Tranquilizers	+ 0.8	- 9.2	- 13.0
Eye Care Products	- 6.4	- 3.9	- 5.0
Appetite Suppressants	- 11.7	- 26.5	- 18.4
Synthetic Vitamins	- 0.4	- 6.1	- 12.1
Natural Vitamins	+ 8.2	+ 8.5	- 0.4
Misc. Proprietary Remedies	- 0.5	- 4.8	- 2.3
SHAVING NEEDS		- 3.1%	
Shaving Creams	- 7.8	- 3.6	- 1.3
Pre-Shave Lotions	- 8.9	- 15.1	- 11.9
After-Shave Lotions	- 4.6	- 10.7	- 5.8
Razor Blades	+ 0.2	- 1.8	+ 0.3
SKIN CARE AIDS		- 2.3%	
Hand & Body Creams & Lotions	- 1.9	- 3.6	- 5.4
Facial Preparations	- 6.2	- 1.2	- 1.8
Lip Care Products	- 14.1	- 5.9	- 4.4
Suntan Lotions & Oils	+ 14.3	+ 14.9	+ 31.8
Cosmetic & Medicated Skin Aids	+ 4.5	- 0.6	- 1.8
TOTAL ALL CATEGORIES		- 3.2%	

HBA CATEGORIES IN RECESSION DURING SEPTEMBER, OCTOBER

Lack of strong new product entries cited as a major cause of sales softness.

BY ALAN B. MILLER JR.

This has not been a banner year for health and beauty aids in either food stores or drugstores. The four-week period ending October 5 was typical of 1990, as unit volume declines of 3.2% in food stores and 0.9% in drug outlets were registered, as compared with volume during the same period a year ago.

Dollar sales in food stores rose just 0.3%. Still, this small gain was better than the trend in dry grocery non-food categories, where sales movement was virtually even with the corresponding year-ago period. On a tonnage basis—pounds in the case of food items, and units for both HBA and dry grocery non-food departments—the only gain was a scant 1.2% for frozen foods, where new product activity has helped to focus attention on these items. Shelf-stable foods recorded a poundage loss of 0.6%, while refrigerated foods declined a slight 0.1%. The unit volume decline for dry grocery non-food products amounted to 0.9%.

Only two of nine groups gain

The HBA losses were spread among a wide range of product categories. Only two out of nine product groups recorded four-week increases in unit movement: miscellaneous personal needs (+7.8%) and personal deodorants (+2.2%). At the category level of measurement, the gain to loss ratio was a lopsided 17 to 40. The best category gain rates were found among suntan lotion/suntan oil products (+31.8%) and home testing kits (+22.0%). Most of the double-digit loss rates occurred in relatively low-volume categories such as appetite suppressants, chest rubs or tranquilizers. But weakness in some larger categories, including internal analgesics, hair spray and cold remedies, caused an important reduction in sales in the entire department.

In the baby needs product group, only one of the four product categories, nursing supplies, has managed to perform on the plus side of the ledger. This category has a 52-week gain rate of 3.2%, and an increase of 2.9% on both a 12- and four-week basis. The sharpest rate of decline is currently for baby powders, where a four-week loss of 12.6% compares with an annual loss of 4.2%. The 52-week unit losses for baby oils, cream and lotions and infant clothes amounted to 7.0% and 7.6%, respectively.

As has been the case throughout the year, the best growth performance is still found in miscellaneous personal needs product group. All four of the group's categories have annual gain rates in excess of 10%.

Only two out of eight categories of personal deodorants/antiperspirants enjoyed increased sales in the four-week span, but the gain of 12.1% for stick deodorants and pads, and an increase of 7.5% in unit movement for foot deodorants and athlete's foot remedies were sufficient to create a plus of 2.2% for the entire product group. In both categories, new products contributed to the increases. Among stick deodorants, Helene Curtis's Degree and Revlon's No Sweat accounted for 6.2% of the category's 12-week dollar volume. In addition, volume of Faberge Power Stick is double that of the corresponding year-ago period. Among foot deodorants and athlete's foot remedies, Schering/Plough's new Lotrimin has become a leading brand contender. On both annual and four-week bases, the weakest category in the product group is deodorant and talcum powder. The four-week loss among spray deodorants translates to nearly half a million units.

Two of the three first aid

SAMI UPDATE

Continued from page 69

categories registered plus trends. As noted previously, the high gain rate for elastic goods and dressings is largely the result of tracking items that were not measured last year in the category. In the first aid products category, three new lines helped to inflate category sales. Johnson and Johnson went national with Sesame Street Bandages, as did Blistex Inc. with Dyprotex Diaper Rash Pads. Ducair Bioessence introduced Ninja Turtles bandages in 37 out of 64 SAMI markets.

There was only one hair care needs category exhibiting growth on both a four-week and 12-week basis. Among hair setting needs, the increase can be traced, in particular, to strong performance for L'Oreal Studio, Suave, Salon Selectives, Finesse, L.A. Looks and Aussie. A 12-week decline for home permanent kits is due, to a large extent, to the failure of Toni Epic Wave to stand the test of time. There were two oral hygiene categories with four-week unit volume gains. Toothbrushes advanced 2.2% and dental aids gained 12.3%. The 3.4% loss for toothpaste and powder and 9.2% for mouthwash reflect unit losses approaching one million in both instances.

Loss of 5 million units

In the proprietary remedy product group, among the 15 categories combined, the four-week loss amounted to more than 5 million units. A drop of more than a million was found in both the internal analgesics and cold remedies categories. All of the categories relating to coughs and colds had loss rates, and the only two categories with plus volume were sleeping aids and external analgesics. The major new product that provided added sales was Eucalyptamint analgesics. There were no important new product launchings in the other proprietary remedy categories.

The only shaving needs category with a four-week gain was razor blades, where the strong performances of Gillette Sensor, Daisy Ladies Plus, Schick Slim Twin and several of the Bic offerings were responsible for the 0.3% four-week gain. The 11.9% loss for pre-shave lotions is due to the strong year-ago level caused by the national launching of Mennen's Afta. Old Spice had a favorable trend in the after-shave lotions category, but the added volume was not enough to offset losses among some of the other million-dollar-a-year brands. Edge after-shave was also a growth brand. ■

RAZOR COMPETITION

Continued from page 66

merchandising for the Progressive Distributors division of Hannaford Brothers Co. (Scarborough, Me.). "What the introductions do is spread volume throughout the category. So you're constantly looking at what to delete or add because of what has the advertising and promotions behind it. We do well like that."

Yet, after the recent frenzy of introductions, even shaving companies admit that they will probably concentrate on sales of existing products for some time to come. While Wilkinson and Schick will work to win market share from Gillette, the category leader will be busily building on its grooming business strategy. But will the next stage in the development of the shaving business be based on innovation or the exploration of new types of products? On that, nonfoods experts have mixed feelings.

"I guess men are more vain than before," says Kilgallon. "So they're creating a little grooming niche out there. It's not going to be an explosion, but I think some companies are helping create a little one."

While that may be fly on the East Coast, Crawford says it won't get off the ground in Texas. "I've seen manufacturers try to categorize men's personal care products into a grooming category over the years. They've come out with hand lotions for men, hair color for men, shampoo for thinning hair. The only products that are important seem to be what I call men's personal care products: after-shave lotion, shave cream, blades and razors. But I don't see the man as ever being the big personal care shopper. I guess it depends on what part of the country you're in. I don't think Texas is ready for that." ■

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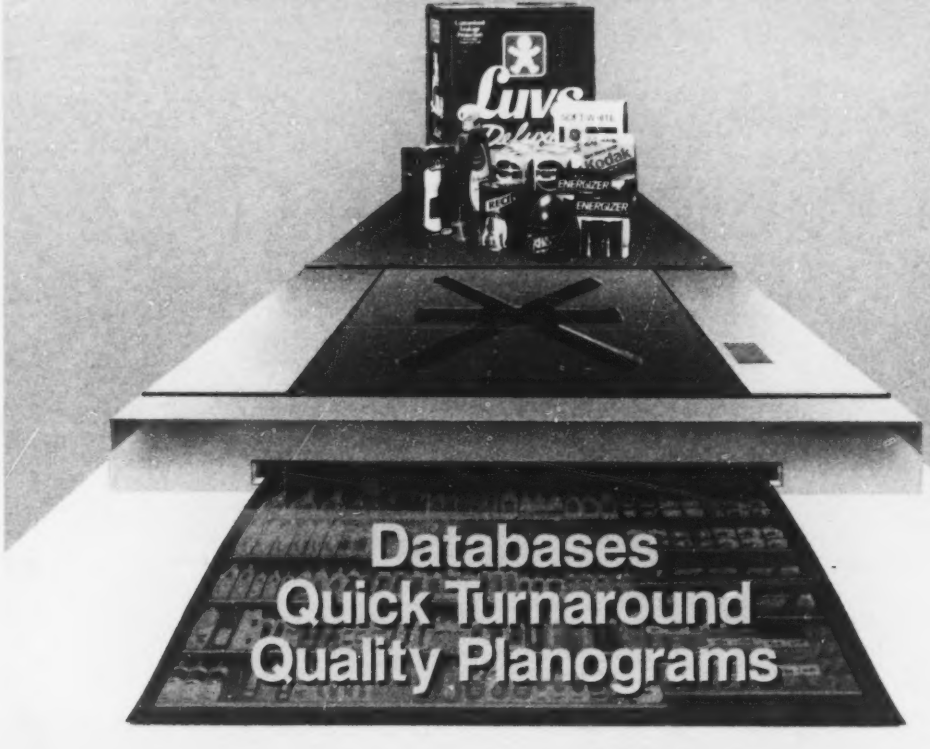

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